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February 2, 2011 **LATE TESTIMONY**

Honorable Robert Herkes
House Committee on Consumer Protection and Commerce

RE: <u>HB 832 – Relating to Consumer Protection - oppose</u>
CPC Committee – February 2, 2011, Conference Room 325, 2:05 PM

Aloha Chair Herkes and Committee Members:

My name is Bob Barlow, President of Oceanic Time Warner Cable ("Oceanic"). We appreciate the opportunity to testify on HB 832 – Relating to Consumer Protection. This bill would require cable television operators and public utilities to issue refunds to subscribers in the event of service interruptions.

Oceanic already has an existing policy for providing individual credits to customers who have reported service interruptions not caused by customer actions. We credit customer reported interruptions after 24-hours through a proration of the monthly charge.

Oceanic's policy is also consistent with the state's existing administrative rules (HAR 16-131-16), which provide for service credits if service is interrupted for 24 hours or longer (or 72 hours if service is interrupted by natural or other disaster beyond our control). The rule also already provides for a credit as the pro rata part of the month's charge for the period of days that service was interrupted, which is consistent with our policy for crediting our customers.

This bill essentially takes the language of the administrative rule and places it in Chapter 440G and changes the 24 hours to four hours, which Oceanic believes is unreasonable given the multitude of possible reasons for outages, and the fact that each outage must be carefully investigated and diagnosed to prevent any further problems to the system and other customers. While Oceanic recognizes that all customers wish to have their service restored as soon as possible (and Oceanic's policy is to consistently work towards that goal), it is equally important that Oceanic be permitted a reasonable time to ensure that all outages are properly investigated and corrected to ensure the continued and long-term reliability and stability of our system for all of our customers. There may also be other times when Oceanic may be required to work with other parties to correct outages, and Oceanic should be provided a reasonable time to investigate and work with others under these circumstances.

Given the foregoing, we support the current policy in place allows adequate time for us to evaluate, trouble shoot, and as needed, coordinate with other service providers or utilities to complete a repair.

With the Administrative Rules and established systems in place, which provide customers with credits for reported outages of 24 hours or more, we respectfully request committee members to defer this bill.

We appreciate the opportunity to testify on this matter.

LATE TESTIMONY

HB 832

RELATING TO CONSUMER PROTECTION

KEN HIRAKI
VICE PRESIDENT
GOVERNMENT AND COMMUNITY AFFAIRS

HAWAIIAN TELCOM

February 2, 2011

Chair Herkes and members of the House Consumer Protection and Commerce Committee:

I am Ken Hiraki, testifying on behalf of Hawaiian Telcom on HB 832, Relating to Consumer Protection.

The purpose of this measure is to require cable television operators and public utilities to issue refunds to customers in the event of service interruptions. Hawaiian Telcom is opposed to this measure.

Hawaiian Telcom believes that the language amending HRS 269 as it applies to the telephone utility should be removed because it is unnecessary. As you may be aware, the issuance of service credits for customer interruptions related to Hawaiian Telcom regulated service is already addressed in Hawaiian Telcom's Tariff 20, which is filed with the Public Utilities Commission.

In addition, the same provisions in the bill unfairly target Hawaiian Telcom as the incumbent local exchange carrier (ILEC). Other telecommunications carriers that also offer voice services such as wireless, digital, or VoIP products are exempt from the requirements of HB 832. Over the last several years, we appreciate the efforts by the Legislature for adopting measures that helped level the regulatory playing field by revising outdated laws that were enacted when Hawaiian Telcom was a true monopoly.

With the advent of numerous phone carriers entering Hawaii's marketplace, consumers now have a wide array of companies to choose from when selecting phone service. Some have even argued that there is too much competition in the islands for all telecommunications carriers to make a reasonable profit. The truth is Hawaiian Telcom is no longer a telephone monopoly and the time has come for statutes to reflect this fact. HB 832 attempts to contradict the recent movement toward regulatory parity by perpetuating old notions about the need to regulate the ILEC. Imposing governmental burdens on Hawaiian Telcom that do not also apply to our competitors serve to make our

company less competitive in the highly competitive telecommunications space. Fair legislation requires similarly situated parties to play on the same level playing field and by the same rules. This measure falls short of this goal.

If it is the will of the committee to move this measure forward, Hawaiian Telcom respectfully requests an exemption from this legislation.

Thank you for the opportunity to testify and I am available to answer any questions.